

September to March represents prices realized in British markets; April to July represents prices realized on sales to Australia; September represents prices paid for shipments to London.

Month.	Net Price to Retailers per Pound.	Net Price to Factories per Pound.	Export Value per Pound.	Margin in favour of Export per Pound.
1915-16.	s. d.	s. d.	s. d.	s. d.
September to March	1 3 ⁵ / ₈	1 2 ³ / ₄	1 3	0 0 ¹ / ₄
April	1 4	1 3 ¹ / ₈	1 3 ³ / ₄	0 0 ⁵ / ₈
May 6	1 4	1 3 ¹ / ₄	..	..
May 31	1 5	1 4 ¹ / ₈	1 4	..
June	1 5	1 4 ¹ / ₈	1 4 ¹ / ₂	0 0 ³ / ₈
July	1 5	1 4 ¹ / ₈	1 4 ³ / ₈	0 0 ¹ / ₄
August 1 to 9	1 5	1 4 ¹ / ₈	1 5	0 0 ⁷ / ₈

NOTE.—Average disadvantage on local market for nearly twelve months as compared with net return from other markets, 0·33d. per pound.

September to April represents prices realized in British markets; May to June represents prices realized on sales to Australia; July to August represents prices paid for shipments to London.

3. By the middle of August it had become apparent that, owing to the world's supplies of butter and cheese being inadequate to meet the demand, further advances in price in the London market were inevitable. Up to the 30th June, 1916, there was a shortage of 41,939 tons (or 25 per cent.) as compared with the previous year, and a shortage of 74,439 tons (or 33·4 per cent.) as compared with 1911, the year in which imports of butter into Great Britain reached their maximum. Consequently, this season opened with offers for New Zealand butter at prices that eclipsed all previous records.

4. New Zealand's consumption of butter is approximately 10,000 tons; its production of butter is approximately 30,000 tons: its exportable surplus is therefore 20,000 tons per annum. Some few factories produce exclusively for the local trade, most factories exclusively for the export trade, and a few do both the local and export trade. All the factories are keen competitors for supplies of butter-fat, and it therefore follows that those factories which are unable to give ruling prices for butter-fat will be driven in time out of business. If the price received by factories catering for the local market is lower than the export value, these factories are placed at a decided disadvantage in procuring supplies. The position is further complicated by the competition of cheese-factories for butter-fat, and as there is no restriction on the export of cheese to British ports, and cheese is bringing record prices in London, the cheese-factories are able to offer exceptionally high prices for butter-fat.

5. On the 11th August a deputation of grocers waited upon the Board and informed the Board that as an advance in the wholesale price was apparently about to take place they could no longer distribute butter retail for the margin of 2d. between the wholesale and retail price. They stated that when the wholesale price was 10d. per pound the retail price was 1s.—a difference of 20 per cent.; when the wholesale price was advanced to 1s. 6d. the retail price was 1s. 8d.—a difference of only 11¹/₅ per cent. The average cost of running a retail grocery business now was 12¹/₂ per cent. on the turnover, consequently they were handling butter at a loss. The position, they alleged, was even worse than these figures show, as the retail price of butter in some centres was subject to a discount of 2¹/₂ per cent., or ¹/₂d. per pound, on all monthly accounts. The grocers further pointed out that their loss would be much greater if another advance was made in the wholesale price and the retail price was merely increased by the same amount. They asserted that, in justice to the trade, if a further wholesale advance took place a percentage advance would therefore have to be made on the retail price to cover working-expenses and a reasonable profit. Thus, if the wholesale price were advanced from 1s. 6d. to 1s. 7d. the retail price should, in fairness to them, be advanced from 1s. 8d. to 1s. 10d., less, of course, the usual discount of 2¹/₂ per cent., making the net price 1s. 9¹/₂d., approximately. They agreed, however, to maintain the present price pending action by the Board. The Board, however, is not convinced on the evidence at present submitted by the grocers that they are handling butter at an actual loss, but it is quite clear that they are not now obtaining the same rate of profit as in pre-war years. We are satisfied that the 2d. per pound has not been at any time an excessive charge for distribution.

The following table shows the movement of retail prices. The local wholesale price is on an average 3d. less :—

MONTHLY RETAIL PRICES OF BUTTER SOLD IN WELLINGTON DURING THE FOLLOWING PERIODS.														
1914.				1915.		s. d.		1916.		s. d.				
..	..	..	..	January	..	..	1	4	January	..	..	1	5	
..	..	..	..	February	..	..	1	4	February	..	..	1	5	
..	..	..	..	March	..	..	1	4	March	..	..	1	6	
..	..	..	..	April	..	..	1	6	April	..	..	1	6	
..	..	..	..	May	..	..	1	7	May	..	..	1	7	
..	..	..	..	June	..	..	1	7	June	..	..	1	7	
July	..	..	s. d.	July	..	..	1	9	July	..	..	1	7	
August	..	..	1	3	August	..	..	1	7	August	..	..	1	8
September	..	..	1	3	September	..	..	1	5	September	..	..	1	8
October	..	..	1	3	October	..	..	1	5	October	..	..	1	8
November	..	..	1	3	November	..	..	1	5	..	..	..	..	..
December	..	..	1	3	December	..	..	1	6	..	..	..	..	..